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Sir Nagora Bogan,  
The Chairman  
Tax Review Committee

Dear Sir,

### MINERALS UNDER THE SEA BED

The standing policy of the Papua New Guinea Governments is to encourage rapid development of Natural Resources. Under this policy it is now promoting the mining of minerals under the seabed. East New Britain Province and maybe impacting the provinces in the New Guinea Island will host the first under seabed mining by Nautilus Mining Limited. The name of Project is Solwara No.1. The public have seen the 3-D presentation on TV on the process of mining by Nautilus Ltd and it seems to be a clean operation without pollution and disturbance of the rest of the sea bed. Every educated Papua New Guinean will not agree that this project will not cause any environmental damage. The owners of the project and the government should answer some of our questions given below so that we can understand more of the impact of this project.

1. How will this project preserve the marine environment?
2. Have we got any examples of such under sea bed mining in the world?
3. What are the benefits to the people of the provinces concerned and the State/government?
4. Who will be monitoring the project, especially regular sample checks of marine environment during the operation?
5. Was there any pre operation studies of the sea bed concerned to record everything before they are destroyed?
6. Have we got any expert advice from overseas on this type of operation?
7. What are we searching in the seabed when we already have the revenue in billions of kina from export of minerals, palm oil, timber, fish, coffee and soon from the LNG projects?
8. Whose benefit is it that we must exploit every blessing given to us and for our future generations?
9. Are letters of credit being cleared through the Bank of PNG or overseas banks like other major resource exploitation companies?
10. Why are we in a hurry to destroy the seabed when we are flooded with benefits from existing large mining and oil and gas projects?
11. Can we have answers before the Environment Plan is approved and operations commence?

I am not against development of our natural resources. The issues are rapid depletion of every known resource with minimum return to the nation and the people. My fear is that as soon as

we exhaust all the resources we will be left with nothing to support the economy. We will then be seeking foreign aid. Imagine what the donors will say to us.

My purpose of writing this letter is to point out the implications of rapid depletion of our resources. We have to live with the bad decisions we make on the use of our resources.

From Tax perspective I am proposing the following:

1. For operations dealing with volatile environment and ecosystems we need to consider a tax regime or levy per metric tonne of ore/production.
2. The letters of credit should be cleared in PNG , by the Bank of Papua New Guinea.
3. A bond calculated on the production level and number of robots or machine should be deposited with the government. This amount can be used to remedy environment damages, research and compensation to the provinces and people affected.
4. Environment monitoring function should be funded by the developer.

Yours sincerely

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Leadership Link Ministry